



STATE OF DELAWARE

**PUBLIC SERVICE COMMISSION**  
861 SILVER LAKE BLVD.  
CANNON BUILDING, SUITE 100  
DOVER, DELAWARE 19904

TELEPHONE:  
FAX:

(302) 736-7500  
(302) 739-4849

December 12, 2017

**MEMORANDUM**

**TO:** The Chair and Members of the Commission

**FROM:** Kevin Neilson, Regulatory Policy Administrator *KAN*

**SUBJECT:** IN THE MATTER OF THE APPLICATION OF LEVEL 3 COMMUNICATIONS, LLC, BROADWING COMMUNICATIONS, LLC, GLOBAL CROSSING TELECOMMUNICATIONS, INC., LEVEL 3 TELECOM DATA SERVICES, LLC, TELCOVE OPERATIONS, LLC, AND WILLTEL COMMUNICATIONS, LLC FOR APPROVAL TO PARTICIPATE IN A FINANCING ARRANGEMENT PURSUANT TO 26 DEL. C. § 215  
(FILED NOVEMBER 21, 2017) - PSC DOCKET NO. 17-1196

**Application**

On November 21, 2017, Level 3 Communications, LLC ("Level 3 LLC"), Broadwing Communications, LLC ("Broadwing"), Global Crossing Telecommunications, Inc. ("GC Telecommunications"), Level 3 Telecom Data Services, LLC ("Level 3 Telecom"), TelCove Operations, LLC ("TelCove") and WilTel Communications, LLC ("WilTel" and collectively, "Applicants") filed an application ("Application") seeking Delaware Public Service Commission (the "Commission") approval to participate in a financing arrangement completed by Level 3 Parent, LLC (f/k/a Level 3 Communications, Inc.) ("Level 3") and Level 3 Financing, Inc. ("Level 3 Financing").

**Applicants**

**Level 3 Communications, LLC**

Level 3 LLC is a wholly-owned subsidiary of Level 3. Level 3 LLC was granted a Certificate of Public Convenience and Necessity to provide local exchange and competitive

intrastate telecommunications services in Delaware on December 1, 1998 in PSC Docket No. 98-114.

Broadwing Communications, LLC

Broadwing is a wholly-owned subsidiary of Level 3 and is authorized to provide intrastate long distance and competitive local exchange telecommunications services in Delaware pursuant to authority granted in Commission Order Nos. 6174 and 6565.

Global Crossing Telecommunications, Inc.

GC Telecommunications was granted a Certificate of Public Convenience and Necessity to provide intrastate long distance telecommunications services in Delaware on December 20, 1995 in Commission Order No. 4102.

TelCove Operations, LLC

TelCove is authorized to provide facilities-based common carrier and resold local exchange and intrastate long distance telecommunications services pursuant to authority granted in Commission Order No. 5586.

Level 3 Telecom Data Service, LLC

Level 3 Telecom is authorized to provide competitive facilities-based and resold local exchange and intrastate long distance telecommunications services pursuant to authority granted in Commission Order No. 8591 on August 5, 2014.

WilTel Communications, LLC

WilTel is authorized to provide resold telecommunications services pursuant to authority granted in Commission Order No. 5037 on March 9, 1999.

Level 3 Parent, LLC

Level 3, a Delaware corporation, is a wholly owned subsidiary of CenturyLink, Inc. and is the indirect parent to Applicants.

### **Transaction**

The Applicants request Commission approval to participate in a new Term Loan arrangement in the aggregate principal amount of \$4,610,500,000 (the “Term Loan”) to refinance three tranches of term loans in the aggregate principal amount of \$4,610,500,000 for which the Applicants pledged assets and acted as guarantors pursuant to operation of law in prior Commission dockets. The total amount of debt for which Applicants will provide a guarantee and pledge assets in support will not change as a result of this Term Loan. The Applicants plan to pledge their assets and act as guarantors in support of the Term Loan upon receipt of required regulatory approvals. Level 3 Financing has lent the proceeds of the Term Loan to Level 3 LLC in return for an intercompany demand note. The Applicants are requesting Commission approval to pledge their assets and act as guarantors in support of the \$4,610,500,000 Term Loan.

### **Public Interest**

The Applicants asserts that the public interest will be served and that the transaction is in accordance with the law and is for a proper purpose. According to the Applicants, the proposed financing arrangement will enable Applicants and their parent to refinance their obligations to extend the maturity dates of certain obligation at better interest rates, thus reducing interest expense and future refinancing risks associated with the scheduled maturities of the existing term loans. Applicants state that they expect the financing arrangements will provide greater access to capital, which will yield both financial benefits and operational flexibility that will ultimately inure to the benefit of Applicants’ Delaware customers. According to the Applicants, the financing arrangements will be conducted in a manner that will be transparent to customers, will not result in a change of carrier for customers or assignment of authorizations, or cause a discontinuance, reduction, loss, or impairment of service to customers.

### **Staff Recommendation**

Applications seeking financing approval by large multi-state resellers of competitive intrastate telecommunications services technically lie within the provisions of 26 *Del. C.* § 215 because the companies are deemed to be public utilities. The Applicants have represented that the financing proposal is in accordance with law, for a proper purpose, and consistent with the public interest. The Commission has previously allowed such applications to become effective by statutory approval without Commission action. The result appears appropriate under these circumstances. Staff, therefore, recommends that the Commission not act on this Application. Under 26 *Del. C.* § 215(d), the effect will be that the Application is deemed to be approved by the Commission. Staff will also acquire verification from the Applicants that the proposed financing arrangements have been completed.